

CARMEL TOWNSHIP

Eaton County, Michigan

Financial Statements

And

Independent Auditor's Report

For the Year ended March 31, 2008

CARMEL TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

December 18, 2008

The Township Board
Carmel Township
Eaton County, Michigan

I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of Carmel Township, Eaton County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the aggregate remaining fund information of Carmel Township, as of March 31, 2008, and the respective changes in financial position, and the budgetary comparison for the general fund and special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated December 18, 2008, on my consideration of Carmel Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis on pages 5 to 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carmel Township's basic financial statements. The governmental schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

Larry Tiejema, CPA

Lawrence Tiejema, PC.

December 18, 2008

Management Discussion and Analysis

Carmel Township improved its computer technology while evaluating the needs of the township's roads and building needs for the township hall during the year ended March 31, 2008. The Township continued to build its reserves by adding \$155,105 to its fund balance, which can be used to meet future township needs.

Financial Highlights

- (1) The Township received 75% of its revenue from property taxes and state revenue sharing. The Township received \$180,670 in State Revenue Sharing for the year ended March 31, 2008. Property tax revenue was \$98,089 for the same period. This amount included \$24,300 in tax administration fees and \$3,670 in state fees for the summer tax collection for school districts.
- (2) Interest earnings made up 14% of the township's revenue. The certificates of deposit in the building fund and road rebuilding fund brought in interest income of \$11,836 while the general fund CD's earned \$15,209. In addition, the general fund savings account had interest income of \$24,762.
- (3) The Township's expenses for its township board personnel was raised during the fiscal year to match the skills needed to manage township affairs in a technological age. The current yearly salaries are now: Supervisor, \$8,000; Clerk, \$15,500; Treasurer, \$13,500; Trustees, \$2,000. The clerk's compensation includes an additional \$2,000 for duties related to the township cemeteries.
- (4) The Township improved its computer technology during the year ended March 31, 2008. A new computer was purchased for the clerk, and a computer projector was purchased for township meeting presentations.
- (5) The Township contracts with outside contractors to provide vital township services. Services for fire and ambulance protection, assessing, and parks and recreation were purchased at a total cost of \$63,564 for the year ended March 31, 2008.
- (6) The Township has committed to share half of the cost of the installation of a culvert on Carlisle Highway. The total cost is projected to be \$30,000.
- (7) The Township spent \$11,352 to maintain its cemeteries for the year ended March 31, 2008. Part of this cost was covered by charges of \$4,364 for grave openings, grave foundations, and the selling of new cemetery lots.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, recreation and cultural, and cemetery. Carmel Township has no business-type activities. The government-wide financial statements may be found on pages 12-13.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. (All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds).

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements.

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township adopts an annual appropriated budget. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets. The basic governmental fund financial statements can be found on pages 14-17 of this report, and budgetary comparison statements can be found on pages 31-37.

Proprietary funds. Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Carmel Township has no proprietary funds.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Carmel Township has one fiduciary fund, the Tax Agency Fund. The basic fiduciary fund statements for the Tax Agency Fund can be found on page 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 19-29 of this report.

Carmel Township -- Condensed Statement of Net Assets

	<u>Governmental Activities</u>
	<u>Year ended March 31, 2008</u>
Current and other assets	\$ 1,372,632
Capital assets	<u>54,919</u>
Total assets	1,427,551
Long-term liabilities outstanding	-
Other liabilities	<u>159</u>
Total liabilities	<u>159</u>
Net assets:	
Invested in capital assets, net of related debt	54,919
Restricted assets	-
Unrestricted assets	<u>1,372,473</u>
Total net assets	<u>\$ 1,427,392</u>

The current and other assets consist of deposit accounts, tax and other receivables from the Tax Agency Fund and Eaton County, and prepaid expenses. The deposits consist of checking accounts, a General Fund savings account, and certificates of deposit. The Road Rebuilding Fund and Building Fund hold certificates of deposit for \$279,404 while the General Fund certificates of deposit total \$346,314. In addition, the General Fund savings account totaled \$683,364 at year-end. As of March 31, 2008, the Township was due \$5,509 from Eaton County for delinquent real property taxes and tax administration fees. The "other liabilities" listed above consist of expenses that occurred before April 1, 2008, but were paid after March 31, 2008.

Although the Township has maintained two special funds, they are not restricted. The first fund is the Road Building Fund which was established to match special assessment districts and county funding to rebuild and pave gravel roads. The Township promised to hold the fund for Carlisle Highway three years ago for a period of three years. The residents of Carlisle Highway were not able to establish a special assessment district and so those funds, while maintained for use in highway rebuilding, may be used for other purposes. The Township is setting aside funds to build a new town hall or to renovate the existing town hall. The funds are not restricted for that purpose. The Township has received money from the metro agreement. These funds may only be used for purposes associated with easements to utilities. Additionally, the township is required by its agreement with Charlotte city to retain one-half mill in a restricted account to be devoted to joint projects with the city.

Carmel Township -- Condensed Statement of Changes in Net Assets

	<u>Governmental Activities</u>
	<u>Year ended March 31, 2008</u>
Revenue:	
Program revenue	
Charges for services	20,255
General revenue:	
Property taxes	94,419
State sources	180,670
Investment income	51,807
	<u>347,151</u>
Expenses:	
General government	74,653
Legislative	9,623
Public safety	40,145
Public works	48,196
Parks and recreation	10,000
Cemetery	11,352
	<u>193,969</u>
Increase (decrease) in net assets	<u>153,182</u>
Net assets - beginning of the year	<u>1,274,210</u>
Net assets - end of the year	<u>1,427,392</u>

The Township receives 6% of its revenue from charges for services. For the fiscal year, Carmel Township received \$8,444 from cable services and \$3,277 for metro. Metro fees are road right-of-way charges to telecommunication companies to use township roads. The Township also received funds for summer tax collection, fire runs reimbursements, and cemetery reimbursements. The general government expenses listed above include the township's primary officers, the assessing function, elections, board of review, and township hall repair and maintenance. The wages and expenses of the Supervisor, Clerk, and Treasurer offices were \$40,908 of the total general government expense. Other major expenses were the Assessor at \$14,189 and the Townhall at \$14,172. The Public Safety costs include the fire contract of \$36,778 and ambulance service costs of \$3,367. The Public Works consist of drains and road maintenance. Road maintenance costs were \$39,217 while the cost of drains was \$8,979.

Carmel Township – Condensed Statement of Capital Assets

	Governmental Activities
	<hr/>
	Year ended
	March 31, 2008
	<hr/>
Land	34,912
Cemetery improvements	9,535
Township voting equipment	10,472
	<hr/>
Total Capital Assets	54,919
	<hr/>

The Township owns various parcels of land including the corner lot on which the township hall is located, West Carmel Cemetery, and Millerburg Cemetery. The cost of the land to expand Carmel Cemetery represents the highest land investment. Part of the newly acquired land at West Carmel Cemetery has been prepared for new gravesites at a combined cost of \$11,232. This cost consists of \$6,600 for the cemetery road, \$551 for the fence, and \$4,081 for the development of additional cemetery lawn. Through March 31, 2008, depreciation expense of \$1,697 has been charged to these cemetery improvements. The Township's voting equipment consists of a regular voting tabulator and a voter assist terminal for handicapped voters. The original \$12,320 cost of the machines was covered by a federal grant. Depreciation expense of \$1,848 has been taken against these voting machines.

Reviewing the Year and Challenges of the Future

The Township relies on revenue sharing for a substantial portion of its operating expenses. As the State of Michigan has suffered, so has the Township. The Township has continued to lose statutory revenue sharing, and constitutional revenue sharing has also dropped. Interest rates have remained low which reduces the return on investments. The Township continues to reduce its millage rate based on the rate of inflation per the Headlee rollback amendment. Although taxable values increase with the rate of inflation, some are capped. Overall, the Township is able to operate on the existing millage, but costs continue to rise with the rate of inflation. County budgets continue to be cut. At some point, the Township could be in a position where the county cannot maintain roads without a substantial contribution from the Township. Similarly, drain costs continue to increase and these costs are uncapped and solely within the discretion of the drain commissioner. These additional expenses could negatively impact township reserves in the future.

On the positive side, Carmel Township has begun to reap rewards from its future land use agreement with the City of Charlotte. This agreement provides that the city may annex property provided the city shares two mills with the township beginning with the date development has concluded. The city and township have had two agreed-upon annexations involving industrial property which will bring substantial additional revenue to the Township. The Township continues to be frugal and invest in special funds in anticipation of future township needs.

CARMEL TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2008

	Governmental Activities
Assets	
Current assets	
Cash and deposits	\$ 1,319,869
Receivables:	
Due from other funds	44,518
Taxes receivable	5,509
Prepaid expenses	<u>2,736</u>
Total current assets	1,372,632
Capital assets, net of accumulated depreciation	54,919
	1,427,551
Total Assets	<u> </u>
Liabilities	
Current liabilities:	
Accounts payable	<u>159</u>
Total Liabilities	<u>159</u>
Net Assets	
Invested in capital assets,	
net of related debt	54,919
Restricted net assets	-
Unrestricted net assets	<u>1,372,473</u>
Total net assets	<u><u>\$ 1,427,392</u></u>

The accompanying notes are an integral part of the financial statements

CARMEL TOWNSHIP

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2008

<u>Functions/ Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Service</u>	<u>Net (Expense) Revenues</u>
Primary government			
Governmental activities:			
General government	\$ 74,653	\$ 15,391	\$ (59,262)
Legislative	9,623		(9,623)
Public safety	40,145	500	(39,645)
Public works	48,196		(48,196)
Parks and recreation	10,000		(10,000)
Cemetery	11,352	4,364	(6,988)
Total government activities	<u>\$ 193,969</u>	<u>\$ 20,255</u>	<u>\$ (173,714)</u>
Changes in net assets			
Net (expense) revenue		\$ (173,714)	
General revenues:			
Property taxes		94,419	
State revenues		180,670	
Investment earnings		51,807	
Total general revenues		<u>326,896</u>	
Change in net assets		153,182	
Net assets, beginning of year		<u>1,274,210</u>	
Net assets, end of year		<u>\$ 1,427,392</u>	

The accompanying notes are an integral part of the financial statements

CARMEL TOWNSHIP
BALANCE SHEET – GOVERNMENTAL FUNDS
MARCH 31, 2008

ASSETS	GENERAL FUND	BUILDING FUND	ROAD REBUILDING FUND	TOTAL
Cash and deposits	\$ 1,040,465	\$ 196,678	\$ 82,726	\$ 1,319,869
Receivables:				
Due from other funds	44,518	-	25,000	44,518
Taxes receivable	5,509	-	-	5,509
Prepaid expenses	2,736	-	-	2,736
TOTAL ASSETS	1,093,228	196,678	107,726	1,372,632
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable and accrued expenditures:				
Accounts payable	159	-	-	159
Due to other funds	25,000	-	-	25,000
TOTAL LIABILITIES	25,159	-	-	25,159
FUND BALANCE				
Designated for roads	-	-	107,726	107,726
Reserved for township building	-	196,678	-	196,678
Undesignated	1,068,069	-	-	1,068,069
TOTAL FUND BALANCE	1,068,069	196,678	107,726	1,372,473
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,093,228	\$ 196,678	\$ 107,726	\$ 1,397,632

The accompanying notes are an integral part of the financial statements

CARMEL TOWNSHIP
BALANCE SHEET – GOVERNMENTAL FUNDS
MARCH 31, 2008

RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR
GOVERNMENTAL FUNDS TO NET ASSETS OF THE GOVERNMENTAL
ACTIVITIES ON THE STATEMENT OF NET ASSETS

Fund balance -- total governmental funds.....	\$1,372,473
Amounts reported for <i>governmental activities</i> in the statement of net assets are different because: Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	
Add -- capital assets.....	58,464
Deduct -- accumulated depreciation.....	(3,545)
Net assets of governmental activities.....	<u>\$ 1,427,392</u>

The accompanying notes are an integral part of the financial statements

CARMEL TOWNSHIP

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED MARCH 31, 2008

	GENERAL FUND	BUILDING FUND	ROAD REBUILDING FUND	TOTAL
REVENUES:				
Property taxes	\$ 94,419			\$ 94,419
State sources	180,670			180,670
Charges for services	20,255			20,255
Interest	39,971	7,620	4,216	51,807
Incoming transfers	-	-	25,000	25,000
TOTAL REVENUES	335,315	7,620	29,216	372,151
EXPENDITURES:				
General government	74,652	-	-	74,652
Legislative	8,391	-	-	8,391
Public safety	40,145	-	-	40,145
Public works	48,196	-	-	48,196
Parks and recreation	10,000	-	-	10,000
Cemetery	10,662	-	-	10,662
Outgoing transfers	25,000	-	-	25,000
TOTAL EXPENDITURES	217,046	-	-	217,046
REVENUES OVER EXPENDITURES	118,269	7,620	29,216	155,105
NET CHANGE IN FUND BALANCES	118,269	7,620	29,216	155,105
FUND BALANCE, BEGINNING OF YEAR	949,800	189,058	78,510	1,217,368
FUND BALANCE, END OF YEAR	\$ 1,068,069	\$ 196,678	\$ 107,726	\$1,372,473

The accompanying notes are an integral part of the financial statements

CARMEL TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2008

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES:

Net change in fund balances -- total government funds.....	\$	155,105
Government funds expense capital outlays in the current year while the Statement of Net Assets allocates them over useful life:		
Add -- Capital Assets acquired and expensed by depreciation		-
Deduct - depreciation expense.....		<u>1,923</u>
Change in net assets of government activities.....	\$	<u><u>153,182</u></u>

The accompanying notes are an integral part of the financial statements

CARMEL TOWNSHIP

FIDUCIARY FUND

TAX AGENCY FUND

STATEMENT OF NET ASSETS

MARCH 31, 2008

Assets

Cash in bank	\$	44,518
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Liabilities

Due to other funds	\$	44,518
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STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

Receipts

Tax collections	\$	2,404,099
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Other receipts		29,779
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Total cash receipts		2,433,878
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Disbursements

Tax payments to government agencies		2,419,360
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Refunds and reimbursements		9,521
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Bank charges		8
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Total cash disbursements		2,428,889
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**Total receipts over (under)
disbursements**

4,989

Cash balance at the beginning of the year		39,529
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Cash balance at the end of the year	\$	44,518
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The accompanying notes are an integral part of the financial statements

CARMEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carmel Township was organized in March of 1839 under the applicable laws of the State of Michigan. The Township is governed by a Board of Trustees which consists of Supervisor, Clerk, Treasurer, and two Trustees, and provides the following services: public safety (fire, ambulance), road maintenance, drainage, cemetery, public improvements, recreation and parks, and general administrative services.

The financial statements of the Township have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Township's accounting policies are described below:

The Reporting Entity

As required by generally accepted accounting principles, these financial statements present a financial report on all funds of Carmel Township.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from fiduciary and trust funds. Carmel Township has three separate governmental funds.

CARMEL TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for government funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Agency funds follow the accrual basis of accounting, and they do not follow a measurement focus because they do not report the results of operations (assets equal liabilities). Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures in the current period. Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the Township. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CARMEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Fund Accounting

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprises its assets, liabilities, fund equity or net assets, revenues, and expenditures or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Township reports the following major government funds:

General Fund – This fund is the Township’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Building Fund – This fund is used to accumulate resources for constructing and improving township buildings including the township hall.

Road Rebuilding Fund – This fund is used to improve and reconstruct township roads that need special rehabilitation and improvement.

CARMEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Additionally, the Township reports the following fund type:

Tax Agency Fund – This fund is used to account for property tax collections from real and personal property owners in Carmel Township, and the fund's disbursements to the applicable government entities and agencies.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance in the Statement of Net Assets and the Statement of Activities.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Budgets and Budgetary Accounting

Annual budgets are adopted for the general fund and special revenue funds on a basis consistent with generally accepted accounting principles (GAAP). The Township follows these procedures in establishing the budgetary data which is reflected in the financial statements:

1. The budgets are generated with input from the township supervisor, clerk, treasurer, and township trustees.

CARMEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

2. Public hearings are conducted to obtain taxpayer comments and recommendations. The operating budgets include proposed expenditures and the means of financing them.
3. The budget is legally enacted through the passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgeted funds.
5. Budget appropriations lapse at fiscal year-end.
6. Adoption and amendments of all budgets used by the Township are governed by Public Act 621. Expenditures may not exceed appropriations at the functional level for all funds (the legal level of budgetary control). The appropriations resolutions are based on the projected expenditure budgets by function. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any department must be approved by the Township Board.
7. Budgeted amounts are as originally adopted, or as amended by the Township Board.
8. Encumbrance accounting is not utilized.

Investments

Investments are stated at fair value.

Restricted Assets

Certain proceeds may be set-aside or restricted for the repayment of debt obligations, a planned capital project, or for any other special purpose. Carmel Township has no restrictions on its government funds.

CARMEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental funds in the government-wide financial statements. The Township does not currently own infrastructure (roads, tunnels, bridges, etc.) Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets of the primary government is computed using the straight-line method over the following estimated useful lives:

	Depreciable <u>Life-Years</u>
Building and structures.....	10 – 40
Furniture and equipment.....	5 – 15
Building and lot improvements.....	15
Machinery and equipment.....	5 – 20

CARMEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

Property Taxes

Property taxes for the Township are attached as an enforceable lien on property as of December 1 of each year. The December 1 levy is recorded as revenue during the current fiscal year, and is intended to fund expenditures of the current year. Taxes are levied December 1 and are due without penalty on or before February 14. These winter tax bills include the Township's own property taxes and taxes billed on behalf of the school districts and other entities in Eaton County; summer taxes are collected for the school districts and the County of Eaton. Real property taxes not collected are returned to the County for collection, which advances the Township 100% for the delinquent real property taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Fund Equity

In the fund statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent restricted net assets equal to restricted assets less related liabilities. Carmel Township has no reservations or restrictions on the fund balance of governmental funds. The Township Board has established two funds to designate resources for anticipated future expenses for road reconstruction and buildings.

Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2008, the Township was covered by a liability and property insurance policy in the Burnham & Flowers, Inc. of Kalamazoo, Michigan.

The insurance limitations are: Property, \$253,022; Liability, \$5,000,000; Wrongful acts, \$5,000,000; and Crime, \$25,000. In addition, the Township has additional coverage for inland marine, automobile coverage, officer bonds, and township technology equipment.

CARMEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

2. CASH DEPOSITS AND INVESTMENTS

The cash and deposits, investments and restricted assets for the Township and its component unit are as follows:

	Governmental Funds	Tax Agency Fund	Total
Checking/Savings Accounts	\$ 694,151	\$ 44,518	\$ 738,669
Investments	625,718	-	625,718
TOTAL	\$ 1,319,869	\$ 44,518	\$ 1,364,387

The carrying amount of the Township's deposits at March 31, 2008, is \$1,364,387. Deposits are held at two banks – Independent Bank and Eaton Federal Savings Bank. Of these deposits, \$500,000 is insured by the Federal Deposit Insurance Corporation. In accordance with the State of Michigan policy limits, these deposits are all deposited in Michigan banks. All accounts are in the name of the Township and a specific fund or common account. They are recorded in the Township records at fair value.

Statutory Authority

State statutes authorize the Township to invest in:

1. Bond securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
2. Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services that matures not more than 270 days after date of purchase.

CARMEL TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

4. Obligations of the State of Michigan or its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
5. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
6. External investment pools as authorized by Public Act 20 as amended through December 21, 1997.

Township investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or for which the securities are held by the Township or its agent in the Township's name. Category 2 includes uninsured and unregistered investments for which securities are held by the counterparty's trust department or agent in the Township's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Township's name. Investments held by the Township are reported at fair value.

All deposit accounts of Carmel Township are in Category 1, registered and insured up to \$500,000, and are listed as follows:

<u>Depository</u>	<u>Account</u>	<u>Amount @ 3/31/2008</u>
General Fund:		
Independent Bank	Checking Account	\$ 10,737
Independent Bank	Savings Account	683,364
Independent Bank	Imprest cash	50
Independent Bank	Certificates of Deposit	346,314
Building Fund:		
Eaton Federal Savings Bank	Certificate of Deposit	196,678

CAMPBELL TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

<u>Depository</u>	<u>Account</u>	<u>Amount @ 3/31/2008</u>
Road Rebuilding Fund:		
Eaton Federal Savings Bank	Certificate of Deposit	82,726
Tax Agency Fund:		
Checking Account	Independent Bank	41,702
Savings Accounts	Independent Bank	<u>2,816</u>
	<u>TOTAL DEPOSITED FUNDS</u>	<u>\$ 1,364,387</u>

3. CAPITAL ASSETS

	<u>Balance April 1, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance March 31, 2008</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	<u>\$ 34,912</u>	<u>-</u>	<u>-</u>	<u>\$ 34,912</u>
Capital assets being depreciated:				
Cemetery fence, road, improvements	11,232	-	-	11,232
Voting equipment	<u>12,320</u>	<u>-</u>	<u>-</u>	<u>12,320</u>
	23,552	-	-	23,552
Less accumulated depreciation for:				
Cemetery land improvements	1,006	691	-	1,697
Voting equipment	<u>616</u>	<u>1,232</u>	<u>-</u>	<u>1,848</u>
	1,622	1,923		3,545
Total capital assets being depreciated, net:	21,930			20,007
Governmental activities capital assets, net:	<u>\$ 56,842</u>			<u>\$ 54,919</u>

CARMEL TOWNSHIP

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

Depreciation expense was charged to functions/programs of the general government as follows:

Township board.....	\$ 1,232
Cemetery and grounds.....	<u>691</u>
Total depreciation.....	<u>\$ 1,923</u>

4. LITIGATION

In the normal course of its activities, the Township has become a party in various legal actions, including property tax assessment appeals. Management of the Township is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Township and, therefore, has not reflected loss reserves in the financial statements.

5. DUE FROM (TO) OTHER FUNDS

Amounts due from (to) other funds representing interfund receivable and payable balances at March 31, 2008, are detailed as follows:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$ 25,000	\$ 44,518
Road Rebuilding Fund	-	25,000
Tax Agency Fund	44,518	-
TOTALS	<u>\$ 69,518</u>	<u>\$ 69,518</u>

The Tax Agency deposit accounts are holding \$44,518 that could be transferred to the General Fund. The intent of the Township Board was to transfer \$25,000 from the General Fund to the Road Rebuilding Fund. This transfer took place in the current year.

Required

Supplementary

Information

GENERAL FUND

The General Fund is used to account for government resources that are not required legally or by sound financial management to be recorded in another fund. Revenues in this fund are derived primarily from general property taxes, fees for services, interest, state shared revenues, grants, and intergovernmental revenues. General operating expenditures of the Township are accounted for in this fund, including Township Administration, Public Works, Public Safety, Parks and Recreation, and Cemetery.

The legal level of budgetary control of the General Fund and Special Revenue Funds is at the activity level, as reflected on the following Schedule of Revenue, Expenditures and Changes in Fund Balance – Budget and Actual.

CARMEL TOWNSHIP**GENERAL FUND****STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL****FOR THE YEAR ENDED MARCH 31, 2008**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES:				
Property taxes				
Current property taxes	\$ 59,000	\$ 59,000	\$ 65,989	\$ 6,989
Delinquent property taxes	4,000	4,000	4,130	130
Tax administration	20,000	20,000	24,300	4,300
Total taxes	83,000	83,000	94,419	11,419
State sources				
State revenue sharing	180,000	180,000	180,670	670
Charges for services:				
Cable franchise fees	4,600	4,600	8,444	3,844
Licenses and permits	50	50	-	(50)
Metro grant	2,500	2,500	3,277	777
Summer tax collection	3,500	3,500	3,670	170
Fire runs	1,000	1,000	500	(500)
Cemetery grave services	3,500	3,500	2,264	(1,236)
Cemetery lot sales	2,000	2,000	2,100	100
Total charges for services	17,150	17,150	20,255	3,105
Investment revenue:				
Interest earnings	26,000	26,000	39,971	13,971
TOTAL REVENUES	\$ 306,150	\$ 306,150	\$ 335,315	\$ 29,165

CARMEL TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FOR THE YEAR ENDED MARCH 31, 2008

	BUDGETED AMOUNTS		ACTUAL	VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
EXPENDITURES				
General government				
Supervisor	8,400	8,400	7,900	500
Elections	3,500	3,500	836	2,664
Assessor	23,700	23,700	14,189	9,511
Clerk	15,800	18,654	17,630	1,024
Board of review	900	900	765	135
Treasurer	15,750	15,750	15,378	372
Township hall	20,185	20,185	14,172	6,013
Audit and legal	19,000	19,000	-	19,000
Payroll taxes	4,400	4,400	3,782	618
Total general government	111,635	114,489	74,652	39,837
Legislative	17,300	8,440	8,391	49
Public safety				
Fire department contract	40,790	40,790	36,778	4,012
Ambulance contract	3,547	3,547	3,367	180
Total public safety	44,337	44,337	40,145	4,192
Public works				
Roads	70,000	70,000	39,217	30,783
Drains	8,000	8,000	8,979	(979)
Total Public Works	78,000	78,000	48,196	29,804
Parks and recreation				
Recreation contribution	10,000	10,000	10,000	0
Park	400	400	0	400
	10,400	10,400	10,000	400
Cemetery	12,550	12,550	10,662	1,888

CARMEL TOWNSHIP

GENERAL FUND

**STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL**

FOR THE YEAR ENDED MARCH 31, 2008

	BUDGETED AMOUNTS			VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Outgoing transfer				
Transfer to building fund	50,000	-	-	-
Transfer to road fund	25,000	25,000	25,000	-
Total transfers	75,000	25,000	25,000	-
 TOTAL EXPENDITURES	 349,222	 293,216	 217,046	 76,170
 REVENUES OVER (UNDER) EXPENDITURES	 (43,072)	 12,934	 118,269	 105,335
 NET CHANGE IN FUND BALANCES	 (43,072)	 12,934	 118,269	 105,335
 FUND BALANCE, BEGINNING OF YEAR	 949,800	 949,800	 949,800	 -
 FUND BALANCE, END OF YEAR	 \$ 906,728	 \$ 962,734	 \$ 1,068,069	 -

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally designated or restricted to expenditure for particular purposes.

Building Fund -- This fund is used to accumulate resources for constructing and improving township buildings including the township hall.

Road Rebuilding Fund -- This fund is used to improve and reconstruct township roads that need special rehabilitation and improvement.

CARMEL TOWNSHIP

BUILDING FUND

**STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL**

FOR THE YEAR ENDED MARCH 31, 2008

	BUDGETED AMOUNTS			VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Interest income	\$ 7,000	\$ 7,000	\$ 7,620	\$ 620
Transfer from the general fund	50,000	-	-	-
				-
TOTAL REVENUES	57,000	7,000	7,620	620
EXPENDITURES:				
	-	-	-	-
				-
REVENUES OVER (UNDER)				
EXPENDITURES	57,000	7,000	7,620	620
NET CHANGE IN FUND BALANCES	57,000	7,000	7,620	620
FUND BALANCE, BEGINNING OF YEAR	18	-	189,058	-
FUND BALANCE, END OF YEAR	\$ 57,018	\$ 7,000	\$ 196,678	-

CARMEL TOWNSHIP

ROAD REBUILDING FUND

**STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL**

FOR THE YEAR ENDED MARCH 31, 2008

	BUDGETED AMOUNTS			VARIANCE WITH FINAL POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES:				
Interest income	\$ 2,000	\$ 2,000	\$ 4,216	\$ 2,216
Transfer from the general fund	25,000	25,000	25,000	-
				-
TOTAL REVENUES	<u>27,000</u>	<u>27,000</u>	<u>29,216</u>	<u>2,216</u>
EXPENDITURES:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER)				
EXPENDITURES	<u>27,000</u>	<u>27,000</u>	<u>29,216</u>	<u>2,216</u>
NET CHANGE IN FUND BALANCES	<u>27,000</u>	<u>27,000</u>	<u>29,216</u>	<u>2,216</u>
FUND BALANCE, BEGINNING OF YEAR	<u>78,510</u>	<u>78,510</u>	<u>78,510</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 105,510</u></u>	<u><u>\$ 105,510</u></u>	<u><u>\$ 107,726</u></u>	<u><u>-</u></u>

Lawrence Tiejema, PC Certified Public Accountant
31 E. Main Street, Saranac, MI 48881 616-642-0384
fax: 616-642-0610 email: tiej@sbcglobal.net

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

December 18, 2008

The Township Board
Carmel Township
Eaton County, Michigan

I have audited the financial statements of the governmental activities and the aggregate remaining fund information of the Township of Carmel, State of Michigan, as of and for the year ended March 31, 2008, which collectively comprise Carmel Township's basic financial statements and have issued a report thereon dated December 18, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, I considered Carmel's Township's control over financial reporting as basis for designing my auditing procedures for the purposes of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carmel Township's internal control over financial reporting

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

I noted 5 significant deficiencies in the internal control system of Carmel Township. These significant deficiencies are detailed on the next page with the titles of 2008-1 through 2008-5. Two of these significant deficiencies rise to the level of material weaknesses and are described on page 41.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carmel Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the township board officers, bond and credit holders, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Larry Tiejema, CPA

Lawrence Tiejema, PC.

December 18, 2008

SCHEDULE OF SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL

CARMEL TOWNSHIP -- YEAR ENDED MARCH 31, 2008

- 2008-1:** Township accounting personnel do not prepare the accruing entries necessary for preparation of the government-wide statements. They rely on the auditor to make all of these adjustments.
- Township response:
Township accounting personnel will receive training so that they can make the required adjusting entries for the next audit.
- 2008-2:** The Township does not have a review procedure to assure that revenues and expenditures are classified in the proper accounts.
- Township response:
The Township will adopt a review procedure for verifying that all revenue and expenditures are recorded in the proper account.
- 2008-3:** The Township does not have a procedure for recording capital assets that cost \$1,000 or more and placing these assets in a fixed-asset schedule.
- Township response:
The Township will record capital assets with a cost of \$1,000 or more in a capital outlay account. Township accounting personnel will receive training in maintaining the township's fixed asset schedule so they can prepare the entries for the next fiscal year.
- 2008-4:** The Township does not have a procedure for tracking services and products ordered to the receipt of an invoice or bill for the service and/or product.
- Township response:
The Township will track all purchased non-routine products and services to assure that an invoice and/or bill is received from the vendors of these products and services.
- 2008-5:** The Township does not have a procedure for tracking the receipts of major revenues including property taxes and state revenue sharing.
- Township response:
The Township will adopt a procedure for tracking the receipt of all revenues to the time during the fiscal year that the revenues should be received.

SCHEDULE OF MATERIAL WEAKNESSES IN INTERNAL CONTROL

CARMEL TOWNSHIP -- MARCH 31, 2008

Two of the significant deficiencies sited on the prior page rise to the level of material weaknesses –2008-2 and 2008-5.

2008-2: A property tax revenue in excess of \$20,000 was recorded in the state revenue sharing income account.

2008-5: A state revenue sharing payment for the month of October 2007 was recorded in a Tax Agency Fund checking account.

Township response:

The Township will track all revenue accounts to assure that they are property classified. In addition, the township will compare budget to actual revenue entries and investigate any revenue totals that vary significantly from the budget.

Lawrence Tiejema, PC Certified Public Accountant
31 E. Main Street, Saranac, MI 48881 616-642-0384
fax: 616-642-0610 email: tiej@sbcglobal.net

December 26, 2008

Carmel Township
1959 West Kalamo Hwy, PO Box 207
Charlotte, MI 48813

To the management of Carmel Township:

Upon the completion of an audit report, it is a common practice for the auditor to make comments regarding the management of government's financial recording, reporting, and internal control procedures. The goal of internal control is to establish procedures that will prevent errors that could result in material misstatements of the government's financial statements.

The result of the prior audit, year-end March 31, 2006, was a disclaimer of opinion due to lack of proper audit evidence. During the audit just completed for year-end March 31, 2008, audit evidence was adequate for the forming of an opinion regarding whether the financial statements present fairly the financial position and changes in financial position. During the audit, we observed some misclassifications that should be addressed by management, including:

- (1) Including the wages of the deputy treasurer in the wage account of the Clerk.
- (2) Using a capital outlay account in a stand-alone position instead of putting it with the appropriate function.
- (3) Depositing a property tax payment in excess of \$20,000 in the state revenue sharing account.
- (4) Depositing the second October 2007 payment to a Tax Agency Fund checking account.

The report on Carmel Township's internal control on pages 38-39 of the audit report refers to five significant deficiencies and two material weaknesses. Below are some suggestions for the correction of these significant deficiencies and material weaknesses:

- (1) Significant deficiencies 2008-1 and 2008-3 refer to the auditor making the accrual accounting adjustments needed for the government-wide financial statements. This can be corrected by having Township accounting personnel receive training in the common accruals and deferrals and the maintenance of the capital asset schedule.
- (2) Significant deficiency 2008-2 refers to the misclassification of some revenue and expenditure transactions.

The Township can establish an internal control review of all recorded transactions. One suggested way of achieving this review would be to have the treasurer and clerk review all governmental fund transactions for classification. An month-end review can become a standard operating procedure that may spot any significant misclassification.

- (3) Significant deficiency 2008-4 refers to the Township not having a procedure to verify that bills and/or invoices from non-routine vendors for goods and services are not tracked. An accounting officer could be assigned to track these transactions so that any non-routine goods or services will be placed on a list. A monthly report entitled “Bills/Invoices to be Received” could be become standard procedure.
- (4) Significant deficiency 2008-5 refers to tracking major revenues to assure that the Township receives the revenues to which it is entitled. A calendar of expected revenues can be developed and monitored. Budget to actual reports can also help to identify the revenues that are below the expected amounts.

In addition to the comments above, there are two additional suggestions. First, the Tax Agency Fund has three accounts. One of the accounts could be closed out. Many townships have two accounts – summer tax account and winter tax account. This could be a procedure that the Treasurer and Carmel Township might consider. Second, the Township could improve its internal control by having a person other than the clerk and treasurer review proposed bills to pay and the supporting documentation. This individual could be a deputy clerk, deputy treasurer, deputy supervisor, township trustees, or any other independent individual.

If you have any questions regarding the comments and suggestions given above, please contact me.

Sincerely,

Larry Tiejema, CPA